

**Exhibit 1 to the Declaration Of Michael J. Wallace In Support Of
Plaintiffs' Evidentiary Supplement Pursuant To Docket 147**



Michael J. Wallace
Chief Operating Officer, Founding Member

TM Financial Forensics, LLC
333 South Grand Avenue
Suite 1400
Los Angeles, California 90071

Tel: 213.784.5010
mwallace@tmfin.com

Professional History

- Navigant Consulting, Managing Director
- Tucker Alan Inc., Vice President
- Peterson Consulting, Vice President
- Chevron USA El Segundo Refinery, Design Engineer

Education

- MBA in finance and accounting
 - UC Berkeley
- BS in mechanical engineering
 - UCLA

Professional Affiliations

- Western Justice Center Foundation – Board Vice President, past-Treasurer, past-Finance Committee Chair, past-Audit Committee Chair
- Los Angeles Legal Aid Justice Center – Board Treasurer
- USC Intellectual Property Institute – Planning Committee Member
- USC Institute for Corporate Counsel – past Advisory Board Member, 20+ years
- American Bar Association – Litigation Section, Public Contract Section
- State Bar of California – Intellectual Property Section

Michael J. Wallace

Michael Wallace is the Chief Operating Officer and a founding Member of TM Financial Forensics, LLC. He has over 35 years of experience in the field of business and litigation consulting. He specializes in providing consulting and testimony services to clients regarding financial, economic, accounting and damages issues. Mr. Wallace has testified as an expert witness in federal and state court, in arbitration and in depositions in a number of jurisdictions.

Mr. Wallace has prepared and analyzed hundreds of damages claims, including claims for lost profits, increased costs, unjust enrichment, reasonable royalties and other measures of economic damages. He has extensive experience in the interpretation and application of financial and accounting principles and standards in regulatory and contractual settings. His professional work has included analyzing the financial condition and financial performance of businesses through review of financial statements, public disclosures, accounting information, operational reports, and other business records.

Mr. Wallace's experience has included significant work in the following practice areas, among others:

- » Commercial Litigation
- » Construction
- » Energy and Regulated Industries
- » Entertainment and Sports
- » Financial Institutions
- » Government Contracts
- » Health Care
- » Investment Management
- » Intellectual Property
- » Real Estate

Michael J. Wallace

CLIENT AND INDUSTRY EXPERIENCE

Clients have included corporations, partnerships and individuals; in-house and outside counsel; plaintiffs, defendants and judicial bodies; on litigation, non-litigation, arbitration and mediation matters. Client matters have involved issues in a wide variety of industries including the following:

Advertising	Electronics	Oil and Gas
Aerospace	Environmental	Pharmaceutical
Airline	Health Care	Professional Sports
Asset Management	Industrial Supplies	Promotion
Automotive	Insurance	Real Estate
Banking	Licensing	Restaurants
Biotechnology	Manufacturing	Retail
Commercial Fishing	Marketing	Sporting Goods
Construction	Medical Practice	Structured Investments
Data Processing	Merchandising	Telecommunications
Defense	Motion Pictures	Television
Distribution	Music Recording	Transportation
Electric Power	Newspaper	Video

SELECTED EXPERIENCE

Economic, Operational, Damages and Accounting Analyses

Consulted on projects involving calculation of lost profits, business valuation, reasonable royalty analysis, determination and allocation of costs, investigation and analysis of fraud allegations, tracing of funds, and other economic damages issues.

Prepared and analyzed claims resulting from breach of contract, business interruption, product liability, intellectual property claims, antitrust, fraud and other allegations.

Evaluated issues such as lost or diminished product sales and other lost revenues, loss of market share, loss of business value, losses of specific customer accounts or contracts, diminution of future revenue prospects, increased costs, avoided costs, fixed and variable costs, costs of capital and mitigation.

Utilized a variety of statistical analysis techniques in a number of circumstances. Have applied or analyzed statistical methods including random sampling, estimation, extrapolation, stratification, simple and multiple regression, and analysis of variance.



Exhibit 1

Michael J. Wallace

INTELLECTUAL PROPERTY

Analyzed and prepared claims for damages in a broad range of intellectual property matters, including patent, copyright, trade secret, trademark and trade dress. Evaluated lost profits, price erosion and reasonable royalty issues on patent infringement matters. Patent cases have included analysis of market share issues, non-infringing alternatives and design around issues.

In connection with copyright, trademark and trade secret matters, analysis has been performed of the lost profits or other damages to the rights holder, and the profits or cost savings of the alleged infringer. Have also studied apportionment of profits between the infringed property and other factors unrelated to infringement.

Addressed intellectual property issues with respect to the following industries or technologies:

Advertising	Petroleum Products
Aerospace	Pharmaceutical
Automotive	Publishing
Communications	Religion
Diagnostics	Restaurants
Electronics	Satellites
Electric Power	Software
Fitness	Sports
Internet	Television
Manufacturing	Test Equipment
Music	Toys
Paper Products	Water Treatment

Evaluated unjust enrichment damages related to the misappropriation of trade secrets used for manufacturing competition-quality sporting goods.

Analysis of lost profits has included evaluating achievability of sales; capacity for manufacturing, sales and distribution; and impacts of competition on pricing. Cost analysis has included determining fixed and variable costs, costs of expansion, research and development costs and costs of capital.

LABOR AND EMPLOYMENT MATTERS

Analyzed and prepared claims for damages in connection with labor termination and discrimination matters. These engagements have included economic analysis of compensation, fringe benefits, retirement and pension plans, stock options, appropriate period of loss, and wage escalation and discount rates.

Analyzed replacement compensation, including independent consulting ventures and operation of small businesses. Performed numerous analyses of labor and related costs on commercial damage matters, including analysis of labor burdens, benefit costs, salary and compensation plans.



Exhibit 1

Michael J. Wallace

PHARMACEUTICAL, MEDICAL DEVICE AND HEALTH CARE MATTERS

Testified and consulted on a wide variety of health care related matters. Pharmaceutical matters have included issues related to patent infringement between branded drugs and between branded and generic drugs, breach of contract matters and distributor termination matters. Analyzed breach of contract and fraud claims in connection with joint drug development agreements, including analyzing cost sharing and revenue sharing formulas and accounting. Evaluated contractual issues of cost sharing, including foreign taxes, on licensing arrangements for branded drugs. Analyzed FDA review and approval process and clinical trial procedures and schedules.

Analyzed claims for wrongful or early termination of distribution agreements for medical devices, medical supplies and laboratory testing compounds. Studied historical and projected future sales quantities, customer contracts, pricing and discounts. Evaluated requirements for preparation and qualification for proposals to government and hospital groups, including historical success rates and prospects for future contracts.

Studied the revenues, expenses and profitability of hospitals and physician practices. Analyzed claims for lost revenues and profits from loss of hospital privileges for surgical procedures and emergency room work at a number of hospitals. Issues included evaluating alternative incomes streams from less prestigious hospitals or private surgery centers. Studied accounting and financial practices of medical practice groups, including factoring of accounts receivables to generate cash flow.

Studied allegations of trade secret misappropriation and evaluated lost profits and unjust enrichment. Compared lost sales to competing sales volumes resulting from alleged misappropriation. Evaluated price impacts resulting from competing products and loss of market share and pricing power. Analyzed the costs of establishing and validating new manufacturing facilities and procedures in connection with competing products.

Performed and assessed business valuations related to physician practices, surgical centers, bioresearch materials suppliers, medical transportation companies and other healthcare related businesses. Studied revenue and profit projections, costs of capital, competition and regulatory issues affecting overall valuation factors.

Assisted clients with health care related matters and researched emerging industry issues, including fraud, waste and abuse. Client matters have included private hospital urgent care affiliates, municipalities providing emergency medical care to the public and the incarcerated, a biomedical research material supplier, a manufacturer of hematology equipment and reagents, and a medical transportation company, among others.

Issues analyzed have included lost profits, unjust enrichment, business valuation, cost sharing, lost wages, false claims allegations, insurance claims coverage, construction costs and professional liability.

Page 4



Exhibit 1

Michael J. Wallace

FINANCIAL INSTITUTIONS AND ASSET MANAGEMENT

Provided consulting services on a variety of financial institutions and asset management matters. Prepared and analyzed claims related to mortgage origination and servicing, real estate development, structured investments, film financing, custodial and trustee services, private equity and hedge funds, Ponzi schemes and embezzlement.

Analyses have included funds tracing, collateral analysis, portfolio analysis, calculations of carried interest, alternative investment returns and analysis of lost profits, among other areas.

Projects have included the following types of entities:

Asset Management Companies	Insurance Companies
Commercial Banks	Mortgage Originators & Servicers
Commodities Brokers	Real Estate Investment Trusts
Film Financing Vehicles	Structured Investments

Evaluated claims for lost profits and loss of business value damages in connection with the departure of key executives from a major asset management company. Also assessed counterclaims for lost income of key executives due to termination of employment.

Studied causation and damages issues in a professional malpractice claim, including determination of the losses suffered by an asset management company and its investors caused by the failure of independent accountants, outside counsel and investment bankers to uncover and disclose fraudulent practices of the asset manager's prime broker.

Analyzed investor losses in connection with a Ponzi-type scheme. Determined potential losses attributable to the failure by the financial institution that served as custodian of investor funds to uncover the scheme. Evaluated involvement and fees earned by plaintiff banks in connection with the distribution and sale of the investments in the fraudulent funds.

Evaluated claims for lost investment income asserted by investor against an asset management company. Studied potential alternative investment results under a number of different asset allocation scenarios.

Analyzed a claim for damages related to lost commercial real estate opportunities in an REIT investment. Studied the causes of losses incurred by a financial institution in connection with the development of a condominium complex.

Evaluated claims for losses by financial institutions related to fraud perpetrated by a mortgage originator. Determined potential losses attributable to the failure by the financial institution that served as custodian of investor funds to uncover the scheme.



Exhibit 1

Michael J. Wallace

GOVERNMENT CONTRACT MATTERS

Provided consulting services and testified on a variety of government contracts matters involving issues such as cost accounting, cost estimating, defective pricing, false claims, pension accounting, purchase price adjustments, regulatory compliance and contract claims.

Have assisted counsel on liability, damages and penalty issues on numerous cases filed under the Federal False Claims Act. Provided expert testimony on qui tam matters, in addition to providing formal and informal presentations to Department of Justice, Defense Contract Audit Agency and Defense Criminal Investigative Service regarding defective pricing and false claims issues. Consulted and testified on False Claims Act matters involving defective pricing, improper accounting, mischarging, overbilling, design defects, violations of the Cost Accounting Standards and the Federal Acquisition Regulation, non-compliance with contract terms, and false certification, among other claims

Government contract matters have included substantial work in analyzing and applying provisions of the Federal Acquisition Regulations, Cost Accounting Standards and other regulatory guidance. Application of this regulatory guidance has involved evaluation of cost estimating procedures and proposal preparation; determination of the cost of service and allocation of costs among multiple cost objectives; and in the pricing of contracts, contract claims and contract price adjustments.

Assisted counsel with internal investigations regarding alleged improper time charging, proposal pricing, and cost misclassifications. Prepared analyses and presented findings in formal and informal settlement negotiations, including mediation. Prepared alternative analyses to quantify adversarial positions in order to facilitate resolution on complex accounting disputes.

Analyzed proper accounting for pension costs, pension assets and pension liabilities under the Cost Accounting Standards (CAS) and the Employee Retirement Income Security Act (ERISA). Studied Prepayment Credits and Segment Closing Claim procedures under CAS rules. Assisted buyers and sellers in resolving acquisition disputes regarding the transfer of pension assets and liabilities upon the sale of subsidiaries and divisions.

Prepared and reviewed claims and counterclaims for cost and schedule impacts on a variety of government contract projects. Analyzed claims based on defective specifications, change orders, regulatory changes, increased project scope, acceleration, constructive changes, defective work, excessive inspections, and delay and disruption, among other causes.

Analyzed property damage, standby costs and loss of business value claims related to negligence by government personnel in maintenance of leased premises.

Michael J. Wallace**ENERGY AND REGULATED INDUSTRIES**

Provided consulting and testimony services on a variety of energy and regulated industry matters, including electric power, oil and gas, and municipal utility matters. Prepared and analyzed claims related to electric power production in nuclear power plants, oil and gas fired plants, hydroelectric power, wind farms, and solar energy. Analyzed operating costs and profitability of oil and gas operations. Studied the cost of repair and lost energy from defective equipment.

Analyses have included operating and maintenance cost analysis, cost-sharing analysis, defective equipment repair costs, lost and replacement energy calculations, lost profits, and other issues.

Projects have included the following types of entities:

Public Utilities	Commodity Markets
Municipalities	Oil and Gas Producers
Wind Energy Projects	Pipeline Companies
Investment Vehicles	Refining and Marketing

Evaluated misrepresentation and fraud claims related to nuclear power plant equipment. Analyzed the increased costs of inspection and repair due to concealment of stress corrosion cracking by supplier. Calculated the cost of replacing inexpensive nuclear power with higher cost oil and gas plant electricity.

Analyzed operating and maintenance costs, and related revenues and profits from a large oil and gas production field. Evaluated primary operator's compliance with industry regulations and contracts regarding the allocation of costs and profits between the operator owner and non-operating owners.

Studied causation and damages issues in a breach of contract matter between a regulated utility and an out-of-state wind farm. The contract claims involved analysis of equity investment, construction financing, Renewable Energy Credits, tax incentives and alternative distribution and sale options.

Consulted on a cost-sharing dispute between the operator-owner of a nuclear power plant and its non-operating owners regarding employee incentive compensation programs tied to plant performance. Analyzed various performance measures including output, profitability, downtime, efficiency, safety and absenteeism, among many others.

Assessed false claims allegations surrounding oil production on federal lands. Studied oil market pricing mechanisms, including differences between long-term supply pricing, spot market prices, wellhead prices, posted prices and the related transportation and distribution costs between market locations.

Evaluated damage claims for defective piping systems by a municipal wastewater utility. Analyzed repair costs and related capital costs for early replacement of affected piping prior to end of expected useful life.

Michael J. Wallace**REAL ESTATE MATTERS**

Consulted and testified on a variety of real estate and real estate development matters. Issues have included market value, lease costs, occupancy rates, construction defects, loss of use, lost profits and breach of contract, among others.

Real estate projects have included:

Apartments	Restaurants
Condominiums	Shopping Malls
Hotels	Single Family Homes
Mixed -Use	Storage Facilities
Office Buildings	University Housing

Evaluated damages claimed by the limited partners due to the reorganization of a real estate limited partnership. Damage issues included the real estate valuations and transaction costs for several distressed properties. Risks associated with various scenarios were analyzed, along with the appropriate discount rates applicable to the financial analysis.

Analyzed claimed developer losses in mixed-use residential/commercial project from construction delays and defects. Evaluated changed market condition and real property valuations resulting from project delays.

Studied claimed losses by real estate developer attempting to convert underutilized land in utility easements to self-storage facilities. Developer leased dozens of parcels from regulated utility and encountered community resistance and concerns by fire officials. Delays in permitting and inability to develop certain parcels resulted in claims of lost profits.

Analyzed claimed project owner losses from anchor tenant early lease termination. Studied occupancy rates and market conditions in surrounding area to determine appropriate circumstances for assessing impact to overall utilization of commercial mall project.

Studied the causes of losses incurred by a financial institution in connection with the development of a condominium complex in Southern California. Lender became equity holder after debt reorganization and suffered losses from project delays. Assessed effect of changing market conditions on ultimate project value and rents.

Analyzed financial impacts to limited partners of delays in conversion of high-rise apartment building to condominiums. In another project, analyzed cost and responsibility for environmental remediation of industrial to residential redevelopment project.

Analyzed cost and reimbursement differences between ownership and lease costs following corporate office building sale/leaseback transaction.

Michael J. Wallace**CONSTRUCTION CLAIMS AND RELATED MATTERS**

Provided consulting services on a variety of construction related matters. Prepared and analyzed claims related to construction projects including assessment of formal and constructive change orders, delay and disruption, defective specifications, differing site conditions, acceleration, defective workmanship and cost of rework, and false claims allegations.

Analyzed issues including assessment of the reasonableness of original bids, causes for cost growth and budget overruns, determining the impact of individual events or changes on cost and schedule. Have also prepared and analyzed claims for economic impacts of delayed, diminished or lost use of facilities including lost profits, cost of substitute facilities, costs of capital and other measures of economic damages.

Construction project analyzed have included the following types of facilities:

Apartment Buildings	Oil Refineries and Pipelines
Environmental Remediation	Petroleum Tank Farms
Hospitals	Prisons
Municipal Sewers	Residential Housing
Nuclear Power Plants	Retail Complex
Office Buildings	University Facilities

Analyzed the impact of construction defects and project delays in several university housing projects. Impacts included delays in opening new housing facilities and the loss of potential rental income to the university. In another project, students had to be relocated due to unsafe conditions from latent defects. The university incurred relocation costs and loss of rent, as well as the repair costs to correct the unsafe and defective conditions.

Analyzed lost profits and diminution of market value in connection with mixed-use residential, commercial and theater complex project. Developer claimed construction defects and delays reduced occupancy, rents and market value of property due to changing market conditions and harm to reputation of project.

Analyzed contractor and subcontractor claims for increased construction costs and delay costs in connection with university facilities, county jail and medical facilities, residential construction, industrial plants and many others. Assessed cost and schedule impacts and evaluated causes and responsibility for cost and schedule growth.

Experienced in working with counsel and other experts to combine entitlement analysis with cost, schedule and other technical analyses to develop a coherent presentation of the chronology of a construction project and the resultant economic impacts of unplanned and unforeseen events and conditions.

Michael J. Wallace**ENTERTAINMENT AND SPORTS**

Performed consulting services and provided expert witness testimony on a variety of entertainment and sports matters.

Entertainment and sports matters have involved the production, recording, licensing, promotion, distribution and sale of a variety of entertainment media including motion pictures, television, recorded music, sporting events, online games, concert and sports merchandise and DVD/video.

Addressed a wide range of issues on entertainment and sports matters including the following:

Accounting practices	Management fees
Antitrust issues	Personal vs. business expense
Breach of contract	Pricing policies
Budgets and forecasts	Production costs and funding
Cooperative advertising	Professional malpractice
Contract terms	Promotional tie-ins
Copyrights	Revenue recognition
Distribution costs and fees	Sales projections
Diversion of collateral	Trademarks
Financing vehicles	Trade Secrets
Fraud and embezzlement	Tax Incentives
Lost profits	Valuation

Assisted counsel for seven major motion picture studios in responding to price-fixing and other antitrust allegations in class action matter. Evaluated and presented the variety of financial and other contractual terms for thousands of motion picture talent contracts, including front-end and back-end fixed and contingent payments and profit participations.

Prepared and analyzed claims for lost profits, conversion, reasonable royalty, misappropriation and restraint of trade involving professional and amateur sports including football, basketball, hockey, soccer, boxing, cycling, motor sports, archery and skeet shooting.

Analyzed lost profits and disgorgement of profit issues related to numerous breach of contract, copyright and trademark matters in the music industry.

Prepared and reviewed breach of contract lost profits claims related to videocassette licensing and promotion, as well as licensed concert and sports merchandise.

Analyzed direct and indirect revenues and costs associated with online games, online direct marketing, online distribution and other internet-based business models.

Performed an accounting of motion picture production funds and distribution proceeds for over 40 films. Evaluated producer's fees, distribution fees and the accounting procedures and practices of the production company to evaluate allegations of management fraud.



Exhibit 1

Michael J. Wallace

TESTIMONY AND ALTERNATIVE DISPUTE RESOLUTION EXPERIENCE

Qualified and testified more than 25 times as an expert witness on finance, accounting, economic damages and other subjects in US federal and state courts, as well as AAA, JAMS, ICDR and ICC arbitrations. Provided expert testimony in over 60 depositions. Testified regarding increased costs, lost revenues, lost profits, business valuation, cost of capital, forensic accounting, asset management, false claims, breach of contract, intellectual property, employment termination, cost allocation, product defects, construction claims and statistical analyses, among other issues.

Provided written testimony and expert witness reports on Federal and State Court matters regarding data processing billing algorithms, interest accruals on deferred compensation, and internet-based business damages in addition to the testimony subjects listed above.

Prepared analyses and reports which were the bases of findings by a court-appointed Special Master in a case involving allegations of management fraud in an independent motion picture production and distribution company.

LECTURES AND SEMINARS

"Program and Contract Changes" - Albuquerque, NM

- Managing, tracking and pricing contract changes and contract claims
- National Contract Management Association (NCMA) seminar

"What You Need To Know About Trademarks" - Beverly Hills, CA

- Valuation, licensing and economic damages related to trademarks
- Minimum Continuing Legal Education seminar approved by California Bar